



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 12/16/03
AGENDA ITEM 11
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Adoption of the Annual Report of Redevelopment Agency Activities for FY 2002-03

RECOMMENDATION:

It is recommended that:

1. The Redevelopment Agency Board adopt the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2002-03 and present it to the City Council; and
2. The City Council adopt the attached resolution to receive and to authorize staff to file the Annual Report of Redevelopment Agency Activities for FY 2002-03.

BACKGROUND:

California Redevelopment Law requires that the Redevelopment Agency present a report to the City Council, and that the City Council review the report and take any action which it deems appropriate. The report is then filed with the State Controller.

This report identified no exceptions or issues in the Financial Statements and Compliance Report. The Annual State Controllers Report presents the financial audit information in a prescribed manner so that information can be reported on a statewide basis.

The Agency's total tax increment revenues in FY 2002-03 increased by approximately \$1.3 million, or 28%, over the prior fiscal year. Almost half of this increase was due to the fact that this was the first year for the Agency to receive tax increment from the Mission-Foothill area. The remaining increase is reflective of development activity and increasing property values in both in the Downtown and in the Burbank sub-areas.

The Agency's expenditures from its capital projects and administrative fund were generally in line with the budget. The largest expenditure, \$2.35 million, was for the reconstruction of downtown sidewalks. In addition, the Agency made its first annual statutory pass through

payments and set-asides this past fiscal year, and was also required to make a special payment to the Education Revenue Augmentation Fund (ERAF). The remaining expenditures were primarily in support of Cannery Area Plan implementation activities and the proposed retail/theater project for the Agency-owned property at B Street and Foothill Boulevard. The major expenditures from the Low and Moderate Income Housing Fund reflect a "write down" of land value as a result of the Agency entering into a Disposition and Development Agreement (DDA) with The Olson Company for the development of affordable housing on Site 4. A discussion of the Agency's activities, including its efforts in support of affordable housing, is attached to the end of Appendix B as the Project Area Report.

The Agency acquired several properties in FY 2002-03, including the former Albertson's store property at B Street and Foothill Boulevard, as well as two single-family houses in the Cannery Area. These land acquisitions are reflected as increases to the Agency's balance sheet assets and fund balances under the category of "Land held for re-sale". Land held for re-sale has increased from approximately \$4.5 million in FY 2001-02 to \$8 million in FY 2002-03 as a result of these acquisitions. The Land held for re-sale value also reflects adjustments as a result of the agreement to sell Site 4.

Appendix D contains the Statement of Indebtedness, which the Agency is required to file each year with Alameda County and which provides the legal basis for the Agency to receive its tax increment revenue. The Statement includes all debt that the Agency has outstanding, including loans that the City made to the Agency during the early years of its operations when the Agency had very limited tax increment revenues. A significant portion of this amount relates to activities undertaken by the Agency over the period the Redevelopment Project Area has been in existence. In addition, the Statement also includes an estimate of the Agency's required set aside for the Low and Moderate Income Housing Fund for the duration of the Project. Although this appears as "debt", it is more akin to a reservation of future funding to assure compliance with the obligation to set aside funds for low- and moderate-income housing.

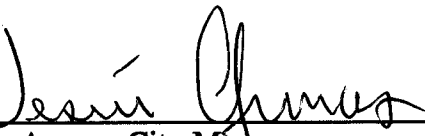
Prepared by:

for Sylvia Ehrenthal
Maret Bartlett, Redevelopment Director

Recommended by:

Sylvia Ehrenthal
Sylvia Ehrenthal, Director of Community and Economic Development

Approved by:



Jesús Armas, City Manager

Exhibit A: Annual Report
 Resolutions

EXHIBIT "A"

**ANNUAL REPORT
OF
REDEVELOPMENT AGENCY ACTIVITIES
FOR
FY 2002-03**

Redevelopment Agency of the City of Hayward

December 2003

A. **Independent Financial Audit**

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June 30, 2003, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. **Annual Report of Financial Transactions for FY 2002-03**

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies, Project Area Report, Report Regarding Progress in Alleviating Blight, Status of Loans, and Status of Agency-owned Property.

C. **Description of Agency's Activities Affecting Housing and Displacement**

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. **Statement of Indebtedness**

See Appendix D, Statement of Indebtedness for the 2003-04 Tax Year

APPENDIX A
INDEPENDENT FINANCIAL AUDIT
FOR FY 2002-03

Redevelopment Agency of the City of Hayward

December 2003

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the accompanying component unit financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Hayward (Agency), a component unit of the City of Hayward, as of and for the year ended June 30, 2003, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the component unit financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major funds, and the aggregate remaining fund information of the Agency at June 30, 2003 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board, but is not part of the component unit financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government Accounting Standards Board Statement 34 requires the Redevelopment Agency to provide this overview of the Agency's financial activities for the year ended June 30, 2003. Please read this overview in conjunction with your reading of the accompanying Basic Financial statements.

THE PURPOSE OF THE AGENCY

The Hayward Redevelopment Agency functions as a division within the City of Hayward. The Agency is governed by the City Council, which sits in a separate capacity as the Agency's Board of Directors. City employees perform all the duties and functions required of the Agency. The Agency is a component unit of the City of Hayward.

The Agency's purpose under California law is to eliminate urban blight in the City of Hayward. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances as prescribed by the law, and it may incur indebtedness to finance its redevelopment activities. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's area became subject to redevelopment (called the Base Year). The increases are called Property Tax Increments. Twenty percent of the property tax increments received must be used to increase the supply of low and moderate income housing. The Agency must also make "pass through" payments to other pre-existing governmental entities within its redevelopment area, in accordance with statutory formulas.

FISCAL 2003 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

Agency-wide:

- The Agency's net assets decreased \$2.7 million to \$8.8 million in fiscal 2003.
- Total assets decreased to \$2.1 million and liabilities amounted to \$12.2 million in fiscal 2003.
- Total Agency revenues were \$5.5 million and expenses \$6.1 million in fiscal 2003.

Fund Basis:

- General Capital Projects Fund revenues of \$4.4 million were \$1.1 million higher than the prior year, while expenditures of \$3.9 million were \$1.7 million higher than the prior year.
- General Capital Projects Fund other financing sources decreased to \$(.5) million in fiscal 2003 due to a \$3.5 million City funds advanced under a repayment agreement in the prior year not repeated in the current year and a \$.4 million reduction in transfers out.
- General Capital Projects Fund fund balance decreased \$37 thousand.
- Low and Moderate Income Housing Fund revenues were \$1.3 million. There were no transfers in for fiscal 2003.
- Low and Moderate Income Housing Fund expenditures and transfers out of \$2.1 million were \$1.5 million higher than the prior year.
- Low and Moderate Income Housing Fund ending fund balance decreased to \$4.5 million, \$.8 million lower than the prior year.
- Debt Service Fund transfers in were \$.5 million in fiscal 2003, down \$.2 million from the prior year.
- Debt Service Fund expenditures were constant at \$.5 million in fiscal 2003 and in fiscal 2002.

The Basic Financial Statements

The Basic Financial Statements comprise the Agency-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Agency-wide Financial Statements provide a longer-term view of the Agency's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Agency as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Agency's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Agency's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the Agency's activities are grouped into Government Activities.

The Fund Financial Statements report the Agency's operations in more detail than the Agency-wide statements and provide additional information not found in the government-wide financial statements. The Fund Financial Statements focus primarily on the short-term activities of the Agency's three Funds and measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Agency and are presented individually, while the activities of any Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The Agency reports all three of its Funds as Major Funds; their purpose is explained in Note 1.C. to the financial statements.

The Agency-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental activities**—All of the Agency's basic services are considered to be redevelopment activities. These services are supported by general Agency revenues such as property tax increments.

Agency-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Agency as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Agency's most significant funds, called Major Funds. The concept of major funds, and the determination of which funds are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the Agency for the year, and may change from year to year as a result of changes in the pattern of Agency's activities.

All the Agency's Funds are Governmental Funds; financial statements for these Funds are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

During fiscal 2003, the City loaned the Redevelopment Agency \$2.3 million to finance sidewalk improvements. The loan bears an interest rate of 2.25% to 3.00%, which is paid quarterly. Principal is repayable over the next seven years.

In July 2003, the Agency concluded negotiations with a developer and signed a Disposition and Development Agreement under which it has agreed to sell Agency owned parcels to the developer to use as a site for the construction of 46 units, of which 22 units will be sold to qualifying moderate-income participants. These "affordable" housing units will be deed restricted to ensure continued affordability. The Agency took back an initial sales price in the form of a note receivable in the amount of \$2 million and is entitled a Supplemental Purchase price equivalent to fifty percent of the net sales proceeds for the sale of each unit. Installments on the Note are due as each unit is sold and the Supplemental Purchase Price is due sixty days after the last unit is sold.

Land held for resale increased \$3.5 million with the purchase of property in the amount of \$4.0 million and the reduction in value of various parcels in the amount of \$.5 million.

This analysis focuses on the net assets and changes in net assets of the Agency's Governmental Activities in the Agency-wide Statement of Net Assets and Statement of Activities that follow.

The Agency's net assets decreased 23% to \$8.8 million in 2003 from \$11.5 million in 2002. This decrease is the Change in Net Assets reflected in the Statement of Activities, as explained below:

- Cash and investments decreased \$2.8 million due primarily to a \$1.6 million increase in capital outlay expenditures.
- Land Held for Resale increased \$3.5 million and other assets decreased \$.7 million.
- Capital assets amounted to \$6.0 million, which decreased \$2.4 million due to depreciation expense. This year the Agency recorded the cost of infrastructure assets acquired in prior years.
- Long-term payable to City increased due to a loan addition of \$2.3 million, net of \$.3 in interest additions and \$1.8 in scheduled repayments.
- Long-term debt decreased \$.3 million as a result of scheduled principal retirements.
- Net assets invested in capital assets reflected only the investment in capital assets discussed above.
- Unrestricted net assets are normally the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

The Agency's Fund Financial Statements

At June 30, 2003, the Agency's governmental funds reported combined fund balances of \$6.9 million, which is a decrease of \$.8 million compared with last year. This decrease is represented by a \$1.3 million increase in revenues, a \$3.2 million increase in expenditures and a \$3.5 million decrease in advances from the City to acquire land for redevelopment in the prior year that did not occur in the current year. Debt Service Fund expenditures of \$.5 million were funded by transfers in totaling \$.5 million. Low and Moderate Income Housing Fund expenditures exceeded revenues by \$.8 million.

Expenditures totaled \$6.5 million in fiscal 2003 increasing \$3.2 million from the prior year partly due to \$1.6 million increase in capital outlay and a \$1.2 million expenditure for reduction of net realizable value of land held for resale.

The \$.5 million transferred to the Redevelopment Agency Debt Service Fund was for debt service on Tax Allocation Bonds.

CAPITAL ASSETS

Under GASB 34, the Agency is required to record all its capital assets, including infrastructure, at their historical cost, and to depreciate these assets over their estimated useful lives. These requirements do not take effect with respect to historical infrastructure costs until four years after the Agency implements GASB 34, but the Agency's has included these costs in the current year.

Capital assets of \$6.0 million at June 30, 2003 represent retail façade improvements and parking garage improvements and equipment that are subject to the depreciation requirements of GASB 34. Further detail on the Agency's capital assets may be found in Note 6 to the financial statements.

DEBT ADMINISTRATION

The Agency's debt is discussed in detail in Note 7 to the financial statements. The Agency's outstanding debt consists of 1996 Tax Allocation Bonds with a remaining principal balance of \$4.5 million that bears interest at 4% to 5.5 % and is due serially until 2014. The proceeds from these Bonds were used to refund and retire prior bonds. The Bonds are secured by property tax increment revenues.

The Agency also has four long-term loans payable to the City which amount to \$7.6 million at June 30, 2003, subject to specific repayment terms described in Note 3 to the financial statements. Repayment of these loans is subordinated to debt service on the Bonds.

In addition, the Agency has a Repayment Agreement with the City under which \$11.2 million has been advanced to the Agency to pay for projects. The terms of the Repayment Agreement do not specify when repayment will occur for a portion of this amount. As a result, the advance has not been included in long-term debt.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

These Component Unit Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. Questions about this Report should be directed to the Finance Department, at 777 B Street, Hayward, California 94541.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities are entirely new statements required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire Agency's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Agency's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's Governmental Activities in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the Agency's expenses that are listed by program first. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each program. The Agency's general revenues are then listed and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

These new financial statements along with the fund financial statements and footnotes are called *Component Unit Financial Statements*.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS JUNE 30, 2003

Governmental Activities

ASSETS

Cash and investments available for operations (Note 2)	\$5,776,094
Restricted cash and investments with trustee (Note 2)	578,562
Due from other governments	201,028
Interest receivable	24,036
Long-term receivable due from City (Note 3)	79,013
Loans receivable	272,439
Land held for resale (Note 5)	8,006,962
Other	4,881
Capital assets, net of accumulated depreciation (Note 6)	<u>6,012,657</u>

Total assets	<u>20,955,672</u>
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LIABILITIES

Accounts payable	75,530
Refundable deposits	28,000
Due to other governments	61,005
Long-term payable to City (Note 3)	7,564,012
Compensated absences	1,554
Long-term debt (Note 7):	
Due within one year	305,000
Due in more than one year	<u>4,155,000</u>

Total liabilities	<u>12,190,101</u>
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NET ASSETS

Invested in capital assets, net of related debt	<u>1,552,657</u>
Restricted for:	
Debt service	1,038,010
Low and moderate income housing	<u>4,504,158</u>

Total restricted net assets	<u>5,542,168</u>
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Unrestricted	<u>1,670,746</u>
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Total net assets	<u><u>\$8,765,571</u></u>
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See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003

	Governmental Activities
Expenses:	
Redevelopment	\$5,478,678
Interest on long-term debt	<u>597,903</u>
Total Expenses	<u>6,076,581</u>
Program Revenue	
Charges for services from developer - rent	<u>75,000</u>
Total Expenses net of Program Revenues	<u>6,001,581</u>
General revenues:	
Taxes:	
Incremental property tax	5,113,404
Investment earnings	376,136
Other	<u>1,503</u>
Total general revenues	<u>5,491,043</u>
Special Item - Transfer of capital assets to the City (Note 6)	<u>(2,177,776)</u>
Change in Net Assets	(2,688,314)
Net Assets-Beginning	<u>11,453,885</u>
Net assets-Ending	<u><u>\$8,765,571</u></u>

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

All of the Agency funds were determined to be Major Funds in fiscal 2003. They are described below:

The **GENERAL CAPITAL PROJECTS FUND** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2003

	General Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash, cash equivalents and investments available for operations (Note 2)	\$3,152,204	\$2,164,442	\$459,448	\$5,776,094
Restricted cash and investments with trustee (Note 2)			578,562	578,562
Due from other governments	155,884	45,144		201,028
Interest receivable	14,635	9,401		24,036
Long-term receivable from City (Note 3)		79,013		79,013
Long-term interfund receivable (Note 4)		216,320		216,320
Loans receivable		272,439		272,439
Land held for resale (Note 5)	6,006,962	2,000,000		8,006,962
Other	4,881			4,881
Total Assets	\$9,334,566	\$4,786,759	\$1,038,010	\$15,159,335
LIABILITIES				
Accounts payable	\$65,368	\$10,162		\$75,530
Deferred revenue		272,439		272,439
Refundable deposits	28,000			28,000
Due to other governments	61,005			61,005
Long-term interfund payable (Note 4)	216,320			216,320
Long-term payable to City (Note 3)	7,564,012			7,564,012
Compensated absences	1,554			1,554
Total Liabilities	7,936,259	282,601		8,218,860
FUND BALANCES				
Fund balance				
Reserved for:				
Long-term receivables		295,333		295,333
Land held for resale	6,006,962	2,000,000		8,006,962
Low and moderate income housing		2,208,825		2,208,825
Debt service			\$1,038,010	1,038,010
Unreserved, undesignated	(4,608,655)			(4,608,655)
TOTAL FUND BALANCES	1,398,307	4,504,158	1,038,010	6,940,475
Total Liabilities and Fund Balances	\$9,334,566	\$4,786,759	\$1,038,010	\$15,159,335

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET (Continued) June 30, 2003

Total Fund Balances reported on the governmental funds balance sheet	\$6,940,475
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Amounts reported for Governmental Activities in the Statement of
Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	6,012,657
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ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	272,439
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore
are not reported in the Funds:

Long-term debt	<u>(4,460,000)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$8,765,571</u></u>
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See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2003

	General Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
REVENUES:				
Incremental property taxes	\$4,090,723	\$1,022,681		\$5,113,404
Interest	253,525	85,406	\$37,205	376,136
Reimbursement from developer	75,000			75,000
Other		148,403		148,403
Total Revenues	4,419,248	1,256,490	37,205	5,712,943
EXPENDITURES:				
Current				
Redevelopment:				
Salaries and benefits	364,922	133,638		498,560
Services and supplies	44,519		4,800	49,319
Administrative charges from City of Hayward	356,281	45,418		401,699
First-time Home Buyers Program		97,621		97,621
Pass-through payments (Note 9)	176,557			176,557
ERAF shift (Note 9)	98,776			98,776
Developer assistance (Note 5)		1,235,761		1,235,761
Capital outlay reimbursements to City of Hayward (Note 3B)	2,350,000			2,350,000
Capital outlay	172,836	578,448		751,284
Debt service				
Principal retirement			290,000	290,000
Interest and fiscal charges	344,397		253,506	597,903
Total Expenditures	3,908,288	2,090,886	548,306	6,547,480
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	510,960	(834,396)	(511,101)	(834,537)
OTHER FINANCING SOURCES (USES)				
Transfers in			548,306	548,306
Transfers (out)	(548,306)			(548,306)
Total Other Financing Sources (Uses)	(548,306)		548,306	
NET CHANGE IN FUND BALANCES	(37,346)	(834,396)	37,205	(834,537)
BEGINNING FUND BALANCE	1,435,653	5,338,554	1,000,805	7,775,012
ENDING FUND BALANCE	\$1,398,307	\$4,504,158	\$1,038,010	\$6,940,475

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

Reconciliation of the NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS with the STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (834,537)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense is deducted from the fund balance (238,440)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue 272,439

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 290,000

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$510,538)

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Description of the Redevelopment Agency and Redevelopment Plan** - The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December of 1975 and amended in April of 1994 to provide an improved physical, social and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time. In fiscal 2001-2002 the Agency amended its plan to increase the project area by an additional 738 acres near the Mission and Foothill Boulevard corridors extending north and south of the existing project area. As a result, the total acreage of the Redevelopment Project Area is 1,348 acres and the Project Area is capped.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income and the issuance of Agency notes and bonds.

The Agency is an integral part of the City of Hayward and, accordingly, the accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

- B. Basis of Presentation** - The Agency's Component Unit Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the Agency. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

- C. *Major Funds* - GASB Statement 34 defines major funds and requires that the Agency's major governmental-type funds be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency may also select other funds it believes should be presented as major funds. The Agency selected the Low-Mod Income Housing Operating Fund to be treated as a major fund.

The Agency reported all of its governmental funds in the accompanying financial statements as major funds:

The **General Capital Projects Fund** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **Low-Moderate Income Housing Capital Projects Fund** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **Debt Service Fund** accounts the accumulation of resources for and the payment of principal, interest and related costs of the Agency's long-term debt.

- D. *Basis of Accounting* - The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include interest and charges for services.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and unrestricted redevelopment revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by unrestricted redevelopment revenues if necessary.

- E. Capital Assets* - All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the Agency is required to record all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks and drainage systems. Infrastructure assets are transferred to the City upon completion as the City will maintain them. GASB 34 required such assets to be excluded from the Agency's financial statements and included in the City's financial statements.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets.

Buildings	10 -50 years
Improvements	10 -50 years
Equipment	7 - 50 years

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

- F. *Net Assets* - GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include resources received for debt service requirements; redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

- G. *Fund Balance Reserves and Designations* - Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Designations are imposed by the Redevelopment Agency to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by the Redevelopment Agency.

- H. *Budgets and Budgetary Accounting* - The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

Budgets versus actual comparisons for capital projects and debt service funds are excluded from these financial statements as generally accepted accounting principals which do not require such presentations.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

- I. Property Tax Increment* - All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. Property tax increment revenues include only property taxes resulting from increased assessed values and are recognized in the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- J. Accumulated unpaid vacation and sick pay benefits* are recorded in the capital projects funds and are expected to be liquidated with available expendable resources.

NOTE 2 - CASH AND INVESTMENTS

Agency cash not held by the Trustee is included in a Citywide cash and investment pool. The City's cash is fully collateralized with securities held by an agent of the pledging financial institution in the City's name. City statutes permit investments in obligations of the U.S. Treasury or its agencies, money market funds investing in such obligations, negotiable certificates of deposit, commercial paper and medium term corporate notes that meet specified rating requirements, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the Agency's board, the State Treasurer's investment pool (Local Agency Investment Fund) and banker's acceptances. The Agency did not enter into any reverse repurchase agreements during 2002-2003.

In accordance with the Tax Allocation Bond Indentures of Trust, a Trustee holds bond proceeds as a reserve for debt service.

The City's investments are carried at fair value instead of cost, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The Agency's cash and investments comprise the following at June 30, 2003 are as follows:

	<u>2003</u>
<i>Investment Agreements and</i>	
<i>Pooled Investments (non categorized)</i>	
Cash and Investments with Trustee	
Money Market Funds (U.S. Securities)	\$18,352
Investment Agreement	<u>560,210</u>
	578,562
 City of Hayward Treasury	 <u>5,776,094</u>
Total Cash and Investments	<u><u>\$6,354,656</u></u>

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD

A. Long Term Receivable Due From City

In prior years, the Agency loaned funds to the City's General Fund for use as loans to homebuyers and third-party contractors for the purpose of promoting homeownership in the City and developing low and moderate income housing. Such funds are repaid to the Agency by the City as repayment is received from the loan recipients. At June 30, 2003, \$79,013 of the loan was outstanding.

B. Long term Payable to City

The City has made various loans and advances to finance Agency operations and consist of the following:

Type of Obligation	Maturity	Interest Rates	Authorized and Issued	Outstanding at June 30, 2002	Interest Additions	Retirements	Outstanding at June 30, 2003
Loans Payable to the City							
1990 Water Enterprise Fund Loan (a)	06/01/13	7.506%	\$5,946,333	\$3,408,196	\$234,020	\$529,020	\$3,113,196
1993 Workers' Compensation Insurance Fund (b)	06/30/04	Varies	513,000	822,876	16,869	422,835	416,910
Repayment Agreement (c)							
Water Fund	06/30/05	Varies	1,600,000	1,248,741	34,982	441,770	841,953
Sewer Fund	06/30/05	Varies	1,600,000	1,248,741	34,982	441,770	841,953
2003 Sewer Fund Loan (d)	3/31/10	2.25% to 3%	2,350,000	2,350,000	23,544	23,544	2,350,000
Total loans payable to City				<u>\$9,078,554</u>	<u>\$344,397</u>	<u>\$1,858,939</u>	<u>\$7,564,012</u>

- (a) In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues.
- (b) During the year ended June 30, 1993, the City made a loan of \$513,000 from its Workers' Compensation Insurance Internal Service Fund to the Agency to help pay for the settlement of a condemnation litigation case. Interest is accrued at the average interest rate of the City's cash and investment pool (2.52% at June 30, 2003). Repayment of the loan will be made from proceeds of the sale of Agency properties. Management expects to repay all outstanding amount in the next fiscal year.
- (c) During fiscal 1998-99, \$3.2 million was loaned to the Redevelopment Agency pursuant to a City Council resolution to partially finance parking garage, retail and property acquisition costs. This loan bears interest at the average rate the City earns on its cash and investments (2.52% at June, 2003) which is repaid annually. Principal is repayable over the next two fiscal years.
- (d) During fiscal 2002-03, \$2.35 million was loaned to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00% which is repaid quarterly. Principal is repayable over the next seven fiscal years.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD (Continued)

C. City Repayment Agreement

In addition to the above amounts, funds have been advanced under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza.

Amounts due under the Agreement are non-interest bearing, are repayable from available revenues of the Agency and are subordinated to the Tax Allocations Bonds. As a result, the final maturity date of the loan has not been determined and the timing of repayment is unknown. Therefore the amount of Repayment Agreement advances which amount to \$11,186,217 at June 30, 2003 have been excluded from the accompanying financial statements as required by generally accepted accounting principals.

NOTE 4 - LONG-TERM INTERFUND BALANCES

The provisions of the State's annual budget required redevelopment agencies to contribute a portion of their incremental property tax revenues over the three fiscal years prior to 1995-96 to a county Educational Revenue Augmentation Fund ("ERAF"). Accumulated ERAF contributions through June 30, 1995 were funded by the Low and Moderate Income Housing Capital Projects Fund via interfund, interest-free loans, as permitted by State guidelines. The General Capital Projects Fund is required to repay the loans of \$1,136,988 to the Low and Moderate Income Housing Fund within ten years. As of June 30, 2003 the outstanding loan balances is \$216,320.

During the year ended June 30, 1998, the Agency elected to use a parcel of land known as Site 3 for the construction of a parking garage. In 1993 the Agency completed the acquisition of the site for \$650,000 with Low and Moderate Income Housing funds. As a result of converting this site from Low/Moderate income uses, the Agency had recorded an interfund loan which was repaid in fiscal 2002-2003.

NOTE 5 - LAND HELD FOR RESALE

Land held for resale of \$8,006,962 at June 30, 2003, is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

In July 2003, the Agency concluded negotiations with a developer and signed a Disposition and Development Agreement under which it has agreed to sell Agency owned parcels to the developer to be used as a site for the construction of 46 moderate-income housing units to be sold to qualifying participants. The Agency took back an initial sales price in the form of a note receivable in the amount of \$2 million and is entitled a Supplemental Purchase Price equivalent to fifty percent of the net proceeds from the sale of each unit, after deducting the developer's project costs. Installments on the Note are due as each unit is sold and the Supplemental Purchase Price is due sixty days after last unit is sold.

As of June 30, 2003, the Agency reduced the total of the carrying value of land held for redevelopment plus the value of condemnation deposits for parcels to be acquired for the site to the net realizable amount under the Agreement. This reduction in value has been reflected as Developer Assistance in the accompanying financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

Changes in the Capital Assets consisted of the following:

	Balance at June 30, 2002	Additions	Transfers	Balance at June 30, 2003
Capital assets not being depreciated:				
Land	\$829,370			\$829,370
Capital assets being depreciated:				
Buildings	1,693,854		4,078,281	5,772,135
Improvements other than buildings	6,607,844		(6,607,844)	
Machinery and Equipment	15,681			15,681
Total capital assets being depreciated	8,317,379		(2,529,563)	5,787,816
Less accumulated depreciation for:				
Buildings	82,482	\$39,512	\$476,341	598,335
Improvements other than buildings	630,410	197,718	(828,128)	
Machinery and Equipment	4,984	1,210	-	6,194
Total accumulated depreciation	717,876	238,440	(351,787)	604,529
Net capital assets being depreciated	7,599,503	(238,440)	(2,177,776)	5,183,287
Capital assets, net	\$8,428,873	(\$238,440)	(\$2,177,776)	\$6,012,657

Depreciation expense has been allocated to the Redevelopment activity on the statement of activities.

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations consist of the following:

Type of Obligation	Authorized and Issued	Principal Outstanding June 30, 2002	Retirements	Principal Outstanding June 30, 2003	Current Portion
1996 Redevelopment Agency Tax Allocation Bonds, due 3/1/2014, interest at 4%-5.5%	\$6,195,000	\$4,750,000	\$290,000	\$4,460,000	\$305,000

In February 1996, the Redevelopment Agency issued \$6,195,000 in Tax Allocation Bonds to advance refund \$5,620,000 of outstanding 1989 Tax Allocation Bonds. Proceeds from the 1996 Bonds were placed in an irrevocable trust to call and retire the defeased 1989 bonds. Debt service payments for the 1996 Bonds are made from incremental property tax revenues.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Summary of scheduled debt service payments follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2004	\$305,000	\$239,876
2005	320,000	225,236
2006	340,000	209,556
2007	355,000	192,556
2008	375,000	174,362
2009-2013	2,235,000	541,935
2014	530,000	30,210
Totals	<u>\$4,460,000</u>	<u>\$1,613,731</u>

NOTE 8 - JOINT POWERS AGENCY

The Hayward Public Financing Authority (the "Authority") was established in May 1989 when the Agency and the City entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California for the purpose of financing certain capital improvements within the City. The governing body of the Authority consists of the City's seven City Council members who also act as the Agency's governing body. As a separate legal entity, the Authority exercises full power and authority within the scope of the Joint Powers Agreement including the accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the Agency.

Complete financial statements of the Authority can be obtained from: City of Hayward, Finance Department, 3rd Floor, 777 B Street, Hayward, California 94541.

NOTE 9 - PASS-THROUGH PAYMENTS AND TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)

Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received on the Project Area to jurisdictions within the project area. In fiscal 2002-2003, the Agency calculated and remitted \$176,557 in pass-through payments to the affected jurisdictions.

During fiscal 2002-2003, the State of California directed that a portion of the incremental property taxes which had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During fiscal 2002-2003, the Agency paid \$98,776 to the ERAF as a result of the State's directive.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Agency is involved in several legal proceedings arising from its normal operations. It is the opinion of management that any obligations which may result from such legal proceedings will not have a material effect on the financial position of the Agency.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the financial statements of Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2003, and have issued our report thereon dated November 18, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including provisions contained in the Guidelines for Compliance Audits of California Redevelopment Agencies. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to the Agency Board in our separate Memorandum on Internal Controls dated November 18, 2003.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

APPENDIX B

ANNUAL REPORT OF FINANCIAL TRANSACTIONS
FOR FY 2002-03

Redevelopment Agency of the City of Hayward

December 2003

**REDEVELOPMENT AGENCIES
FINANCIAL TRANSACTIONS REPORT
COVER PAGE**

Entity Name: Redevelopment Agency of the City of Hayward

Fiscal Year 2003

ID Number: 13980135800

Submitted by:

Signature

City Manager/Executive Director
Title

Jesús Armas
Name (Please Print)

Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

To file electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

To file a paper report:

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

Mailing Address:

State Controller's Office
Division of Accounting and
Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year 2003

Members of the Governing Body

	Last Name	First Name	Middle Initial
Chairperson	Cooper	Roberta	
Member	Ward	William	H
Member	Henson	Olden	P
Member	Dowling	Kevin	J
Member	Rodriguez	Doris	J
Member	Jimenez	Matt	
Member	Hilson	Joe	
Member			
Member			
Member			

Mailing Address

Street 1 777 B Street
 Street 2
 City Hayward State CA Zip 94541-
 Phone (510) 583-4010 ☐ Is Address Changed?

Agency Officials

	Last Name	First Name	Middle Initial	Phone
Executive Director	Armas	Jesus		(510) 583-4300
Fiscal Officer	Lewis	Diane		(510) 583-4010
Secretary	Reyes	Angelina	M	(510) 583-4405

Report Prepared By

Firm Name
 Last Ramos
 First Elena
 Middle Initial M
 Street 777 B Street
 City Hayward
 State CA
 Zip Code 94541-
 Phone (510) 583-4090

Independent Auditor

Maze & Associates
 Biggs
 Cory
 A
 1931 San Miguel Dr., Suite 100
 Walnut Creek
 CA
 94596-
 (925) 930-0902

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Achievement Information (Unaudited)

Fiscal Year **2003**

**Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result
of the Activities of the Redevelopment Agency.**

Please provide a description of the agency's activities/accomplishments during the past year.

(Please be specific, as this information will be the basis for possible inclusion in the publication.)

Activity Report

Please see Project Area Report attached at the back. C - Downtown Sidewalk and Streetscape Improvement Project in process.

Enter the amount of square footage completed this year by building type and segregated by new or rehabilitated construction.

Square Footage Completed

New Construction Rehabilitated

Commercial Buildings	18,000	
Industrial Buildings		
Public Buildings		
Other Buildings	114,367	
Total Square Footage	132,367	0

Enter the Number of Jobs Created from the Activities of the Agency

Types Completed

C

A=Utilities B=Recreation C=Landscaping D=Sewer/ Storm E=Streets/ Roads
F=Bus/Transit

APPENDIX B - Page 3

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year 2003

Was the Report Prepared from Audited Financial Data,
and Did You Submit a Copy of the Audit?

Yes

Indicate Financial Audit Opinion

Unqualified

If Financial Audit is not yet Completed, What is the
Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State
Briefly the Reason Given

N/A

Was a Compliance Audit Performed in Accordance with
Health and Safety Code Section 33080.1 and the State
Controller's Guidelines for Compliance Audits, and Did
You Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Unqualified

If Compliance Audit is not yet Completed, What is the
Expected Completion Date?

If compliance opinion includes exceptions,
state the areas of non-compliance, and
describe the agency's efforts to correct.

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2003

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of
the Activities for this Project Area
During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

12/30/1975

Most Recent Date Project Area was Amended

6/26/2001

Did this Amendment Add New Territory?

Yes

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2046

Effectiveness of Plan (Year Only)

2031

New Indebtedness (Year Only)

2021

Size of Project Area in Acres

1,348

Percentage of Land Vacant at the Inception of the Project Area

4.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

96.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RCPO

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

APPENDIX B - Page 5

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2003**

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

622,930,415

Increment Assessed Valuation

424,430,614

Total Assessed Valuation

1,047,361,029

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year

2003

Project Area Name

Downtown Hayward Project Area

Tax Increment Pass Through Detail

Other Payments

Amounts Paid To Taxing
Agencies Pursuant To:

H & S Code
Section 33401

H & S Code
Section 33676

H & S Code
Section 33607

Total

H & S Code
Section 33445

H & S Code
Section 33445.5

County

75,047

\$75,047

Cities

\$0

School Districts

83,457

\$83,457

Community College Districts

10,246

\$10,246

Special Districts

58,988

\$58,988

Total Paid to Taxing
Agencies

\$0

\$0

\$227,738

\$227,738

\$0

\$0

Net Amount to Agency

\$4,885,666

Gross Tax Increment
Generated

5,113,404

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Capital Improvement Detail

Fiscal Year 2003

Project Area Name	Description	Name of Taxing Agency	Amount	Code Section
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Downtown Hayward Project Area	Downtown Sidewalk & Streetscape	City of Hayward	2,350,000	
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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year 2003

Project Area Name

Downtown Hayward Project Area

Tax Allocation Bond Debt

6,073,733

Revenue Bonds

0

Other Long Term Debt

216,320

City/County Debt

22,697,307

Low and Moderate Income Housing Fund

16,536,225

Other

0

Total

\$45,523,585

Available Revenues

0

Net Tax Increment Requirements

\$45,523,585

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year

Bond Type

Year of Authorization

Principal Amount Authorized

Principal Amount Issued

Purpose of Issue

Maturity Date Beginning Year

Maturity Date Ending Year

Principal Amount Unmatured Beginning of Fiscal Year

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Non-Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value=""/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="1996"/>
Principal Amount Authorized	<input type="text" value="6,195,000"/>
Principal Amount Issued	<input type="text" value="6,195,000"/>
Purpose of Issue	<input type="text" value="Capital Project/Refunding"/>
Maturity Date Beginning Year	<input type="text" value="1996"/>
Maturity Date Ending Year	<input type="text" value="2014"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="4,750,000"/>
Adjustment Made During Year	<input type="text" value=""/>
Adjustment Explanation	<input type="text" value=""/>
Principal Amount Issued During Fiscal Year	<input type="text" value=""/>
Principal Amount Matured During Fiscal Year	<input type="text" value="290,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text" value=""/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="4,460,000"/>
Principal Amount in Default	<input type="text" value=""/>
Interest in Default	<input type="text" value=""/>

Bond Types Allowed:

Mortgage Revenue; Industrial Development; Commercial Revenue Bond; Certificate of Participation

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year

2003

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross (Include All Apportionments)	4,090,723		1,022,681		\$5,113,404
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	103,525	37,205	85,406		\$226,136
Rental Income	150,000				\$150,000
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	75,000		148,403		\$223,403
Total Revenues	\$4,419,248	\$37,205	\$1,256,490	\$0	\$5,712,943

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2003**

Project Area Name **Downtown Hayward Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	721,203		179,056		\$900,259
Professional Services	44,519	4,800			\$49,319
Planning, Survey, and Design	172,836				\$172,836
Real Estate Purchases			364,300		\$364,300
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs			214,148		\$214,148
Project Improvement / Construction Costs	2,350,000				\$2,350,000
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2003**

Project Area Name **Downtown Hayward Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale			1,235,761		\$1,235,761
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense	344,397	253,506			\$597,903
Fixed Asset Acquisitions			97,621		\$97,621
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass- Through Payment(s)	275,333				\$275,333
Debt Principal Payments:					
Tax Allocation Bonds and Notes		290,000			\$290,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$3,908,288	\$548,306	\$2,090,886	\$0	\$6,547,480
Excess (Deficiency) Revenues over (under) Expenditures	\$510,960	(\$511,101)	(\$834,396)	\$0	(\$834,537)

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2003

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In		548,306			\$548,306
Tax Increment Transfers In					\$0
Operating Transfers Out	548,306				\$548,306
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	(\$548,306)	\$548,306	\$0	\$0	\$0

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2003

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$37,346)	\$37,205	(\$834,396)	\$0	(\$834,537)

Equity, Beginning of Period	\$1,435,653	\$1,000,805	\$5,338,554	\$0	\$7,775,012
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0

Other(Specify)

A

B

C

D

E

Refresh

Total					

Other Total

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Equity, End of Period

\$1,398,307	\$1,038,010	\$4,504,158	\$0	\$6,940,475
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Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2003	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash		3,152,204	459,448	2,164,442				\$5,776,094
Cash with Fiscal Agent			578,562					\$578,562
Tax Increments Receivable		155,884		45,144				\$201,028
Accounts Receivable								\$0
Accrued Interest Receivable		14,635		9,401				\$24,036
Loans Receivable				351,452				\$351,452
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund				216,320				\$216,320
Due from Debt Service Fund								\$0
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2003	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets		4,881						\$4,881
Investments: Land Held for Resale		6,006,962		2,000,000				\$8,006,962
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements								\$0
Equipment								\$0
Amount Available In Debt Service Fund								\$0
Amount to be Provided for Payment of Long-Term Debt								\$0
Total Assets and Other Debits		\$9,334,566	\$1,038,010	\$4,786,759	\$0	\$0	\$0	\$15,159,335
<i>(Must Equal Total Liabilities, Other Credits, and Equities)</i>								

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2003	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		65,368		10,162				\$75,530
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable		7,564,012						\$7,564,012
Other Liabilities		90,559		272,439				\$362,998
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund		216,320						\$216,320
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable								\$0
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds					4,460,000			\$0
All Other Long-Term Debt								\$0
Total Liabilities and Other Credits		\$7,936,259	\$0	\$282,601	\$0	\$0		\$8,218,860

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2003	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets								\$0
Fund Balance Reserved		6,006,962	1,038,010	4,504,158				\$11,549,130
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		-4,608,655						(\$4,608,655)
Total Equities		\$1,398,307	\$1,038,010	\$4,504,158	\$0		\$0	\$6,940,475
Total Liabilities, Other Credits, and Equities		\$9,334,566	\$1,038,010	\$4,786,759	\$0	\$0	\$0	\$15,159,335

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year 2003

Operating Transfers In	\$548,306
Tax Increment Transfers In	\$0
Operating Transfers Out	\$548,306
Tax Increment Transfers Out	\$0

**Supplement to the Annual Report of Community Redevelopment Agencies
For the Fiscal Year Ended June 30, 2003**

Redevelopment Agency ID Number:	13980135800
Name of Redevelopment Agency:	Redevelopment Agency of the City of Hayward

The U.S. Bureau of the Census requests the following information about the fiscal activities of your government for the 2002-2003 fiscal year (defined from July 1, 2002 through June 30, 2003). Governments furnishing this information will no longer receive Census Bureau Form F-32, Survey of Local Government Finances. If you have any questions please contact:

**U.S. Bureau of the Census
Jeffrey Little
1-800-242-4523**

A. Personnel Expenditures

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00	\$ 498,560
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B. Mortgage Revenue Bond Interest Payments

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

U20	\$ 0
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U.S Bureau of the Census – Revised 7/2003

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
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LISTING OF LAND HELD FOR RESALE FY 2002-03

1. **Site Two** - bounded by "B" and "C" Streets, Watkins Street and the Downtown BART Station: Future Office Pad: approx. 31,910 sq. ft. is held for resale.
2. **Site Three** - 805-895 "B" Street Marketplace Retail. 11,500 sq. ft. building, under improvement and being leased. Held for resale.
3. **Site Four** - A two-acre block bounded by "C" and "D" Streets and Watkins and Atherton Streets. Under assembly for future housing redevelopment, is held for resale. Per DDA approved July 8, 2003, all Site 4 land is to be sold to The Olson Company. The site will be redeveloped with 46 units. Of these, 22 will be sold to moderate-income households.

22701 Watkins Street – Commercial Property, under eminent domain, Agency took property under possession on 4/24/02. Trial is pending date to be set by court.

22723 Watkins Street - SF house on 4,240 sq. ft. lot purchased 6/26/00.

22731 Watkins Street- duplex on 4,220 sq. ft. lot purchased 2/14/00.

22737 Watkins Street – SF house on 4,452 sq. ft. lot, purchased 12/4/00

22745 Watkins Street – SF house on 4,452 sq. ft. lot, purchased 3/1/01.

22767 Watkins Street – SF House and retail property on 4,420 sq. ft. lot, purchased 3/8/01.

22769 Watkins Street. - 4,220 sq. ft. Commercial Property.

22793-22799 Watkins Street – Commercial Property under eminent domain. Agency took possession on 4/24/02. Final Order of Condemnation was recorded on August 5, 2003.

765 "C" Street - 6,750 sq. ft. vacant lot, purchased 10/18/99 (two parcels).

776 "D" Street - 11,000 sq. ft. vacant lot, purchased 9/17/99.

22716 Atherton Street – SF House on 4240 sq. ft. lot, purchased 12/22/00.

22720 Atherton Street – SF House on 4240 sq. ft. lot, purchased 10/15/01.

22730 Atherton St.-SF house on 4,325 sq. ft. lot, purchased 6/98.

22736 Atherton Street - 4,325 sq. ft. vacant lot, purchased 2/18/99.

22746 Atherton Street – SF house on 4,452 sq. ft. lot, purchased 12/01/00.

22764 Atherton Street – SF house on 3,392 sq. ft. lot, purchased 1/11/02.

4. **Russell Way** - 24,242 sq. ft. vacant parcel held for resale. Property is now under a 5-year lease agreement.

5. **Cannery Area**

229 C Street – SF house on 10,200 sq. ft. lot, purchased 4/11/02.

231 C Street – SF house on 9,180 sq. ft. lot, purchased 5/16/03.

24083 Myrtle Street – SF house on 5,025 sq. ft. lot, purchased on 11/8/02.

6. **B and Foothill** – 27,912 sq. ft. commercial building on 2.24 acre property, purchased on 10/17/02.

LISTING OF OTHER AGENCY-OWNED PROPERTIES

1. **Municipal Lot #10** - 18,750 sq. ft. municipal parking lot. "C" Street and Mission Blvd.
2. **Municipal Parking Structure** - 320-space municipal parking structure on approximately 63,500 sq. ft. lot. Located between Mission Blvd and Watkins Street.
3. **22852 Foothill Boulevard** - 20,313 sq. ft. landscaped lot in a street median/gateway area on the Hayward fault line.
4. **Hayward Civic Center** - Public Paseo and Plaza area at "B" and Watkins Street: approx. 89,792 sq. ft.

Project Area Report FY 2002-03

In fiscal year 2002-03 the Hayward Redevelopment Agency initiated or continued work on the following activities.

During this fiscal year The Olson Company completed construction of its 77-unit town home project, City Walk. This market-rate development adjacent to the BART Station is completely sold out, and construction is 100% complete.

The Albertsons shopping center was completed and fully leased out this fiscal year, with the completion of approximately 18,000 square feet of retail space that is ancillary to the new Albertsons supermarket. This successful project is sparking interest in improving surrounding properties by private parties.

The Agency also completed the acquisition of the former Albertsons property and lease at the corner of B Street and Foothill Boulevard. The Agency borrowed funds from the City to acquire the property in FY 2001-02. The Agency has also entered into exclusive negotiations with Blake Hunt Ventures regarding a proposed retail center that may include a multi-screen cinema and approximately 50,000 square feet of retail space. Concurrently, the Agency has retained an architectural firm to begin design for a parking structure on a municipal parking lot across the street from the property at B and Foothill. The parking structure would provide approximately 300 spaces and would serve both theater patrons and existing surrounding business patrons.

The Agency is continuing its efforts to implement the Cannery Area Design Plan. The Agency was negotiating with Shea Homes/Pulte Homes regarding the development of approximately 700 housing units on the former Cannery Area properties, however, due to economic conditions, these negotiations have been terminated. As a result, the Agency has turned its attention to facilitating development of the major infrastructure and public facilities planned for the north end of the Cannery Area. These include a new elementary school to replace Burbank School, an expanded joint-facility park with play fields, and new streets and parking. To this end, the Redevelopment Agency/City is working closely with both the Hayward Unified School District and the Hayward Area Recreation District to better define the facilities program, and to assess the financial feasibility of constructing these facilities. During the year, the Agency acquired two more properties in the proposed Cannery project Site area.

Also, during this fiscal year, the Agency entered into an Owner Participation Agreement with Sonic Automotive dba Hayward Honda, for the development of a new car dealership at the southwest corner of Mission Boulevard and Orchard Avenue. The dealership site is along the historic Auto Row in the recently amended Mission-Foothill Corridor portion of the redevelopment project area. Sonic Automotive has underlying site control, but requested the Agency's assistance, as necessary, in order to terminate leases and relocate two pre-existing business tenants. It is anticipated that the site will be cleared and construction will begin in FY 2003-04.

The Agency completed Phase I and commenced Phase II of the Downtown Sidewalk and Streetscape improvement project during this fiscal year. This \$2.7 million dollar project includes the construction of new sidewalks, landscaping, and street amenities, and the closure of several building cellars that project out underneath the sidewalks. This project is scheduled for completion by the end of the calendar year.

With respect to affordable housing activities, the Agency is continuing its efforts to redevelop Site 4. The Agency owns or has possession of 17 of the 18 parcels on the site. The eighteenth property, an occupied single-family home, is excluded from the current project. The site was cleared during the summer of 2002, and the Agency completed settlement of one of its two eminent domain actions in early 2003. The Agency completed negotiations with The Olson Company regarding the site, and it subsequently entered into a DDA with the Developer in July 2003. The development will include 24 townhouses and 22 flats. The 22 flats will be restricted for sale to moderate-income households. Construction will begin in FY 2003-04.

The First-Time Homebuyer program completed five loans in FY 2002-03.

Agency's Progress in Alleviating Blight (Pursuant to H&S 33080.I (d), (e), and (f))

As noted above the Agency continues to make progress in alleviating blight in several concrete ways. Both the City Walk housing project and Albertsons shopping center continued to build out this year. These developments are located in the downtown core area, adjacent to the BART Station and will serve to spur further revitalization efforts in the area. Both sites contained older, obsolete or dilapidated structures, that were underutilized and both sites had significant environmental contamination issues.

The Agency also completed the deconstruction of building improvements on Site 4 this year. This site contained a mix of old single-family homes - several of which were in deteriorated or dilapidated condition, vacant lots, and underutilized or inappropriate commercial uses. The site had environmental contamination, which was removed, and the regulatory concurrence was obtained that the site was suitable for residential development.

Finally, it should be noted that the Agency is diligent in its efforts to maintain the properties that it has acquired for redevelopment purposes. This effort is both necessary and worthwhile in order to avoid adding to existing blighting conditions, while preparations are being made for the redevelopment of these properties.

Status of Agency Loans (Pursuant to H&S 33080.I (d), (e), and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

APPENDIX C

DESCRIPTION OF AGENCY'S ACTIVITIES AFFECTING HOUSING AND DISPLACEMENT

Redevelopment Agency of the City of Hayward

December 2003

HCD REPORT OF REDEVELOPMENT AGENCY HOUSING ACTIVITY FOR

FY ENDING: June /30 / 2003

Agency Name and Address:

County of Jurisdiction:

Redevelopment Agency of the City of Hayward

Alameda

777 B Street

Hayward, CA 94541

Health & Safety Code Section 33080.1 requires agencies to annually report on their Low & Moderate Income Housing Fund and housing activities for the Department of Housing and Community Development (HCD) to annually report on agencies' activities in accordance with Section 33080.6. Section 33080.3 specifies agencies must send this form, HCD Schedules, and an Audit report to the State Controller

Please answer each question below. Your answers determine which HCD SCHEDULES must be completed in order for the agency to fulfill the statutory requirement to report LMIHF housing activity and fund balances for the reporting period.

1. Check one of the items below to identify the Agency's status at the end of the reporting period:
☐ New (Agency formation occurred during reporting year. No financial transactions were completed).
☒ Active (Financial and/or housing transactions occurred during the reporting year)
☐ Inactive (No financial and/or housing transactions occurred during the reporting year). ONLY COMPLETE ITEM 7
☐ Dismantled (Agency adopted an ordinance to dissolve itself). ONLY COMPLETE ITEM 7
2. How many adopted project areas did the agency have during the reporting period? 1
How many project areas were merged during the reporting period? _____
If the agency has one or more adopted project areas, complete SCHEDULE HCD-A for each project area.
If the agency has no adopted project areas, DO NOT complete SCHEDULE HCD-A.
3. Within an area outside of any adopted redevelopment project area(s): (a) did the agency destroy or remove any dwelling units or displace any households over the reporting period, (b) does the agency intend to displace any households over the next reporting period, (c) did the agency permit the sale of any owner-occupied unit prior to the expiration of land use controls over the reporting period, and/or (d) did the agency execute a contract or agreement for the construction of any affordable units over the next two years?
☐ Yes (any question). Complete SCHEDULE HCD-B.
☒ No (all questions). DO NOT complete SCHEDULE HCD-B.
4. Did the agency have any funds in the Low & Moderate Income Housing Fund during the reporting period?
☒ Yes. Complete SCHEDULE HCD-C.
☐ No. DO NOT complete SCHEDULE HCD-C.
5. During the reporting period, were housing units completed within a project area and/or assisted by the agency outside a project area?
☒ Yes. Complete all applicable HCD SCHEDULES D1-D7 for each housing project completed and HCD SCHEDULE E.
☐ No. DO NOT complete HCD SCHEDULES D1-D7 or HCD SCHEDULE E.
6. Indicate whether HCD financial and housing activity information has been reported using method A and/or B checked below:
☐ A. Forms. All required HCD SCHEDULES A, B, C, D1-D7, and E are attached.
☒ B. On-line (<http://www.hcd.ca.gov/rda/>) "Lock Report" date: _____, HCD SCHEDULES not required.
(lock date is shown under "Admin" Area and "Report Change History")
7. To the best of my knowledge: (a) the representations made above and (b) agency information reported are correct.

Date

Signature of Authorized Agency Representative

City Manager/Executive Director

Title

(510) 583-4300

Telephone Number

IF NOT REQUIRED TO REPORT, SUBMIT ONLY THIS PAGE.**IF REQUIRED TO REPORT, SUBMIT THIS PAGE AND:**
APPLICABLE HCD FORMS (SCHEDULES A-E) and/or PROOF OF ELECTRONIC REPORTING**SUBMIT THIS AND ALL OTHER FORMS WITH A COPY OF THE AUDIT REPORT TO THE STATE CONTROLLER:**

***Division of Accounting and Reporting
Local Government Reporting Section
P.O. Box 942850, Sacramento, CA 94250***

California Redevelopment Agencies-Fiscal Year 2002/2003
 Project Area Contributions to Low and Moderate Income Housing Funds
 Sch A Project Area Summary Report
 HAYWARD RDA

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Deferral Repayment	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
DOWNTOWN HAYWARD PROJECT	\$5,113,404	\$1,022,681	\$1,022,681	\$0	\$0	\$1,022,681	20.00%	\$0	\$233,809	\$1,256,490
Agency Totals:	\$5,113,404	\$1,022,681	\$1,022,681	\$0	\$0	\$1,022,681	20.00%	\$0	\$233,809	\$1,256,490

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

Agency	HAYWARD RDA			
Address	777 B Street			
	Hayward	CA	94541	

Type: Inside Project Area **Status:** Active
Plan Adoption: 1975 **Plan Expiration:** 30-DEC-43

Agency Totals For All Project Areas:

12/11/03

California Redevelopment Agencies - Fiscal Year 2002/2003
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial Summary
 HAYWARD RDA

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encum- brances	* Unen- cumbered Balance	Unen- cumbered Designated	Unen- cumbered Not Dsgntd
\$5,338,554	\$1,256,490	\$0	\$2,090,886	\$4,504,158	\$0	\$4,504,158	\$0	\$4,504,158	\$0	\$4,504,158

Expenses	Planning and Administration Costs	Property Acquisition	Subsidies	Total
2002/2003	\$179,056	\$1,814,209	\$97,621	\$2,090,886

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2002/2003
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

		Beginning Balance	\$5,338,554
		Adjustment to Beginning Balance	\$0
		Adjusted Beginning Balance	\$5,338,554
Total Tax Increment From PA(s)	\$1,022,681	Total Receipts from PA(s)	\$1,256,490
		Other Revenues not reported on Schedule A	\$0
		Sum of Beginning Balance and Revenues	\$6,595,044

Expenditure			
<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
Planning and Administration Costs			
Administration Costs		\$179,056	
	Subtotal of Planning and Administration Costs	\$179,056	
Property Acquisition			
Acquisition Expense		\$364,300	
Land Purchases		\$1,235,761	
Site Clearance Costs		\$214,148	
	Subtotal of Property Acquisition	\$1,814,209	
Subsidies from the LMIHF			
1st Time Homebuyer Down Payment Assistance		\$97,621	
	Subtotal of Subsidies from the LMIHF	\$97,621	
	Total Expenditures	\$2,090,886	

Net Resources Available \$4,504,158

Indebtedness For Setasides Deferred \$0

Other Housing Fund Assets			
<u>Category</u>		<u>Amount</u>	<u>Remark</u>
Total Other Housing Fund Assets			

Total Fund Equity \$4,504,158

California Redevelopment Agencies - Fiscal Year 2002/2003
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

1998/1999	\$479796		Prior Year Ending	Excess Surplus for
1999/2000	\$480988		Unencumbered Balance	2002/2003
2000/2001	\$519891	sum of 4 Previous Years'	\$0	\$0
2001/2002	\$745635	Tax Increment for 2002/2003		
		\$2226310		

Sum of Current and 3 Previous Years' Tax Increments	\$2,769,195
Adjusted Balance	\$2,504,158
Excess Surplus for next year	\$0
Net Resources Available	\$4,504,158
Unencumbered Designated	\$0
Unencumbered Undesignated	\$4,504,158
Total Encumbrances	\$0
Unencumbered Balance	\$4,504,158
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$2,000,000
Excess Surplus Expenditure Plan	
Excess Surplus Plan Adoption Date	

Site Improvement Activities Benefiting Households

Income Level	Low	Very Low	Moderate	Total
--------------	-----	----------	----------	-------

Land Held for Future Development

Site Name	Num Of Acres	Zoning	Purchase Date	Estimated Start Date	Remark
Site 4	1.93	CC-R-PD		12/19/2003	Parcels purchased from 11-14-1991 through 04-24-2002.

Use of the Housing Fund to Assist Mortgagees

Income Adjustment Factor	<input type="text"/>	Requirements Completed	<input type="text"/>
Home	\$ <input type="text"/>	Hope	\$ <input type="text"/>
<input type="text"/>			

California Redevelopment Agencies - Fiscal Year 2002/2003
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

Non Housing Redevelopment
 Funds Usage

LMIHF Deposits/Withdrawals				
<u>Resource Needs</u> <u>Document Name</u>	<u>Document</u> <u>Date</u>	<u>Custodian</u> <u>Name</u>	<u>Custodian</u> <u>Phone</u>	<u>Copy</u> <u>Source</u>
City of Hayward General Ledger	30-JUN-03	Diane Lewis	(510) 583-4901	City of Hayward Finance Department

Achievements

Description

California Redevelopment Agencies - Fiscal Year 2002/2003
Sch D General Project Information
HAYWARD RDA

Project Area Name: DOWNTOWN HAYWARD PROJECT

Project Name: Grand Terrace

Address: Grand to Sutro south of D StreetHayward 94541
Owner Name: Units are individually owned.

NON ASSISTED PROJECT UNITS

<u>New Construction Unit</u>	<u>Rehabilitation Unit</u>	<u>Building Permit Number</u>	<u>Building Permit Date</u>
39	0		

Project Name: Orchard Walk

Address: Orchard and O'NeillHayward 94544
Owner Name: Units are individually owned.

NON ASSISTED PROJECT UNITS

<u>New Construction Unit</u>	<u>Rehabilitation Unit</u>	<u>Building Permit Number</u>	<u>Building Permit Date</u>
19	0		

Project Name: Peking Court

Address: 24090-24098 Peking Court Hayward 94541
Owner Name: Units are individually owned.

NON ASSISTED PROJECT UNITS

<u>New Construction Unit</u>	<u>Rehabilitation Unit</u>	<u>Building Permit Number</u>	<u>Building Permit Date</u>
5	0		

California Redevelopment Agencies - Fiscal Year 2002/2003
Sch D General Project Information
HAYWARD RDA

Project Area Name: OUTSIDE PROJECT AREA

Project Name: First Time Homebuyer Program
Address: 777 B StreetHayward 94541
PROJECT FUNDING SOURCE

<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$97,621
Private Funds	\$1,253,637

SCHEDULE HCD E
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2002/2003

Agency: HAYWARD RDA

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	63
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	63
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	10
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	3
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	10
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	3

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2002/2003

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: GRAND TERRACE

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	39
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	39
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	6
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	2
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	6
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	2

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2002/2003

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: ORCHARD WALK

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	19
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	19
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	3
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	1
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	3
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	1

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2002/2003

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: PEKING COURT

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I
[H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II
[H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	5
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	5
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	1
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	1
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

APPENDIX D
STATEMENT OF INDEBTEDNESS

Redevelopment Agency of the City of Hayward

December 2003

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2003-2004 TAX YEAR**

Cover Page

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (From Form A, Page 1 Totals)	(1)	45,523,585	7,176,267
(Optional) Post Fiscal Period - Totals (From Form B Totals)	(2)		
Grand Totals	(3)	45,523,585	7,176,267
Available Revenues			
From Calculation of Available Revenues, Line 7	(4)	562,334	
Net Requirement	(5)	44,961,251	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 33675 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

Diane Lewis Acting Finance Director
Name Title
Diane Lewis 9/30/03
Signature Date

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2003-2004 TAX YEAR**

Form A
Page 1 of 2

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2003

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Refunding Tax Allocation Bonds	2/1/1996	6,195,000	3/1/2014	4-5.5%	3,649,144	6,073,733	544,876
(B) Advance from City of Hayward	6/1/1990	4,701,112	6/1/2013	7.506%	6,615,603	3,113,196	531,630
(C) Advance from City of Hayward	8/31/1993	513,000	6/30/2004	VARIES		422,835	432,348
(D) Obligation to Low Moderate Housing Fund	N/A		6/30/1927	N/A		16,536,225	974,366
(E) 1992-93 ERAF Payment	5/31/1993	220,668	5/13/2018	N/A		0	
(F) 1993-94 ERAF Payment	6/13/1993	133,144	6/30/2004	N/A		83,144	83,144
(G) 1994-95 ERAF Payment		133,176	5/30/2005	N/A		133,176	
(H) Loan from Low/Mod fund	6/30/1998	650,000	N/A	N/A		0	
(I) Advance from City of Hayward	11/17/1998	3,200,000	6/30/2005	VARIES	379,954	1,683,906	880,162
(J) Payables from Operations - Tax year	6/30/2003	3,658,444	1 Yr.	N/A		3,658,444	3,658,444
(K) Repayment Agreement from City	7/30/2000	14,386,217	N/A	N/A		11,186,217	
Subtotal, This page						42,890,876	7,104,970
Totals forward From All Other Pages						2,632,709	71,297
Totals, Fiscal Year Indebtedness						45,523,585	7,176,267

Purpose of Indebtedness:

(A) Refund Tax Allocation Bonds for street improvement
(B) Various Redevelopment programs
(C) Various Redevelopment programs
(D) Housing set aside per Health and Safety Code 33334.2
(E) Pursuant to Health and Safety Code Section 33681

(F) Pursuant to Health and Safety Code Section 33681
(G) Pursuant to Health and Safety Code Section 33681
(H) Purchase Site 3 - Parking Structure
(I) Construct Parking Garage & Purchase Property South of City Hall
(J) Tax Year operating requirements
(K) Repay redevelopment project costs paid by the City.

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2003-2004 TAX YEAR**

Form A
Page 1 of 2

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2003

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Advance from City of Hayward		2,350,000	3/31/2010	2.25%	306,253	2,632,709	71,297
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
Subtotal, This page						2,632,709	71,297
Totals forward From All Other Pages							
Totals, Fiscal Year Indebtedness							

Purpose of Indebtedness:

(A) Downtown sidewalk & streetscape project-Phase II
(B) _____
(C) _____
(D) _____
(E) _____

(F) _____
(G) _____
(H) _____
(I) _____
(J) _____
(K) _____

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 2

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2003 -2004

Reconciliation Dates: From July 1, 2002 To June 30, 2003

Debt Identification:		A	B	C	D	E	F
SOI, page and line:		Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against Indebtedness, from:		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr		Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	
Pg 1 Line (A)	Pg 1 Line (A)	Refunding Tax Allocation Bonds	6,617,239		543,506		6,073,733
Pg 1 Line (B)	Pg 1 Line (B)	Advance from City of Hayward	3,408,196	234,020	529,020		3,113,196
Pg 1 Line (C)	Pg 1 Line (C)	Advance from City of Hayward	822,876	22,794	422,835		422,835
Pg 1 Line (D)	Pg 1 Line (D)	Obligation to Low Moderate Housing Fund	17,558,906		1,022,681		16,536,225
Pg 1 Line (E)	Pg 1 Line (E)	1992-93 ERAF Payment	170,668		170,668		
Pg 1 Line (F)	Pg 1 Line (F)	1993-94 ERAF Payment	133,144		50,000		83,144
Pg 1 Line (G)	Pg 1 Line (G)	1994-95 ERAF Payment	133,176				133,176
Pg 1 Line (H)	Pg 1 Line (H)	Loan from Low/Mod fund	650,000		650,000		
TOTAL-THIS PAGE		29,494,205	256,814		3,388,710		26,362,309
TOTALS FORWARD		16,759,054	11,555,756		1,724,694	7,428,840	19,161,276
GRAND TOTALS		46,253,259	11,812,570		5,113,404	7,428,840	45,523,585

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 --June 30 fiscal year period, only those items included on the SOI From A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

APPENDIX D - Page 4

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 2 of 2

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2003 -2004

Reconciliation Dates: From July 1, 2002 To June 30, 2003

		A	B	C	D	E	F
Debt Identification:		Outstanding Debt	Adjustments		Amounts Paid Against Indebtedness, from:		Remaining Balance
SOI, page and line:	Brief Description	All Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	(A+B-C-D-E)
Prior Yr	Current Yr						
Pg 1 Line (I)	Pg 1 Line (I)	Advance from City of Hayward	2,497,482	69,964	883,540		1,683,906
Pg 1 Line (J)	Pg 1 Line (J)	Payables from Operations - Tax year	3,075,355	5,171,095	817,610	7,428,840	
Pg 1 Line new	Pg 1 Line (J)	Payables from Operations - Tax year		3,658,444			3,658,444
Pg 1 Line (K)	Pg 1 Line (K)	Repayment Agreement from City	11,186,217				11,186,217
Pg 1 Line (A)	Pg 2 Line (A)	Advance from City of Hayward		2,656,253	23,544		2,632,709
Pg 1 Line	Pg 1 Line						
Pg 1 Line	Pg 1 Line						
Pg 1 Line	Pg 1 Line						
TOTAL-THIS PAGE		16,759,054	11,555,756		1,724,694	7,428,840	19,161,276
TOTALS FORWARD							
GRAND TOTALS		16,759,054	11,555,756		1,724,694	7,428,840	19,161,276

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 --June 30 fiscal year period, only those items included on the SOI From A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

EXPLANATIONS OF INCREASES/DECREASES FROM RECONCILIATION STATEMENT

Page 1 of 1

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2003 -2004

Reconciliation Statement References		
Current Yr	Brief Description	Explanation
Pg 1 Line (B)	Advance from City of Hayward	To add accrued interest.
Pg 1 Line (C)	Advance from City of Hayward	To add accrued interest.
Pg 2 Line (I)	Advance from City of Hayward	To add accrued interest.
Pg 2 Line (J)	Payables from Operations - Tax year	To adjust obligation for actual activity.
Pg 2 Line (A)	Advance from City of Hayward	Report advance as principal and add accrued interest.
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Pg Line		

CALCULATION OF AVAILABLE REVENUES

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2003 -2004

Reconciliation Dates: From July 1, 2002 To June 30, 2003

1 . Beginning Balance, Available Revenues Note 1 (See Instructions)	\$0
2 . Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	5,113,404
3 . All other Available Revenues Received (See Instructions)	562,334
4 . Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	7,428,840
5 . Sum of Lines 1 through 4	13,104,578
6 . Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	12,542,244
7 . Available Revenues, End of Year (5 - 6) FORWARD THIS AMOUNT TO STATEMENT ON INDEBTEDNESS, COVER PAGE, LINE 4	<u><u>\$562,334</u></u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax increment Revenues set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition and Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

Note 1 - Prior year report included a balance of \$3,728,172 in error. Actual balance is zero.

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-03-

Introduced by Agency Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2002-03

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 2002-03" and directs that the report be filed with the Office of the State Controller.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 03-

Introduced by Council Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2002-03

BE IT RESOLVED that the City Council of the City of Hayward hereby acknowledges receipt of the "Annual Report of Redevelopment Agency Activities for FY 2002-03" and directs that the report be filed with the Office of the State Controller.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward